

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Thompsonville</b>	County <b>Benzie</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/28/05</b>	Date Accountant Report Submitted to State: <b>9/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>WILSON WARD CPA FIRM</b>			
Street Address <b>PO BOX 205</b>		City <b>INTERLOCHEN</b>	State <b>MI</b>
Accountant Signature <i>Wilson Ward CPA Firm</i>		ZIP <b>49643</b>	Date <b>9/30/05</b>

# VILLAGE OF THOMPSONVILLE BENZIE COUNTY

## THOMPSONVILLE, MICHIGAN

Audit Report

For Year Ended  
March 31, 2005

Wilson, Ward CPA Firm  
PO Box 205  
Interlochen, MI 49643  
(231) 276-7668

June 28, 2005

To the Village Council  
Village of Thompsonville, MI

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Village of Thompsonville. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Village of Thompsonville are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Village of Thompsonville during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

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### Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

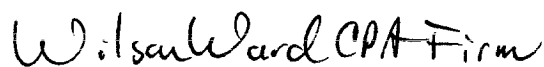
### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Village of Thompsonville that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The office has excellent records, with information clearly shown and readily available. In the test of controls, all internal controls are being used wisely with double checks on all amounts, distributions and deposits.

This information is intended solely for the use of the Village of Thompsonville Council and management of the Village of Thompsonville and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in black ink that reads "Wilson Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

VILLAGE OF THOMPSONVILLE  
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# INTRODUCTORY SECTION

**WILSON, WARD CPA FIRM**

P.O. Box 205  
3015 M-137  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Village of Thompsonville Board  
Thompsonville, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Thompsonville, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Village of Thompsonville's basic financial statements and have issued our report thereon dated June 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Thompsonville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Thompsonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Lake Township in a separate letter dated June 28, 2005.

This report is intended solely for the information and use of the audit committee, management, village board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 28, 2005

## FINANCIAL SECTION

**WILSON, WARD CPA FIRM**

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**INDEPENDENT AUDITOR'S REPORT**

To the Village of Thompsonville Board  
Thompsonville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Thompsonville, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Thompsonville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Thompsonville as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2005, on our consideration of the Village of Thompsonville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Thompsonville's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 28, 2005

## Management's Discussion and Analysis

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's combined net assets increased 3% from a year ago - increasing from \$698,059 to \$720,538.

### The Township's Funds

The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Village's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the TVillage Council.

### General Fund Budgetary Highlights:

Over the course of the year the expenditures exceeded original adopted budget.

### Capital Asset and Debt Administration:

As of March 31, 2005, the Village had invested in a broad range of capital assets, including land, buildings and equipment. In addition, the Village has invested significantly in major and local roads within the Village. These assets are not reported in the Villages's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

#### Economic Factors and Next Year's Budgets and Rates:

Village of Thompsonville's general fund budget calls for the allocated millage of 7.6787. Because of the impact of Proposal A, however, the Village needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

#### Contacting the Villages's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Villages's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk at (231) 378-2560.

Village of Thompsonville  
Statement of Net Assets

As Of March 31, 2005

<u>Assets</u>	Governmental Activities	Business Type Activities	Total
Cash and Investments	\$525,713	39,817	565,530
Accounts Receivable	\$39,936	3,823	43,759
Taxes Receivable	0		
Prepaid Insurance	0		
Due From Other Agencies	0	0	0
Fixed Assets Net of Depreciation	209,048	384,000	593,048
Total Assets	<u>774,697</u>	<u>427,640</u>	<u>1,202,337</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	9,762	0	9,762
Accrued Salaries & Wages	0		0
Deferred Revenue	44,396		44,396
Debt	0	150,000	150,000
Total Liabilities	<u>54,159</u>	<u>150,000</u>	<u>204,159</u>
Fund Equity			
Net Assets			
Reserved for Equipment Replacement	0		
Unreserved	720,538	277,640	998,177
Total Net Assets	<u>720,538</u>	<u>277,640</u>	<u>998,177</u>
Total Liabilities and Net Assets	<u>\$774,697</u>	<u>427,640</u>	<u>1,202,336</u>
Reconciliation of Governmental:			
Unreserved Fund Balance	511,490		
Add Net Assets	<u>209,048</u>		
Unreserved Net Assets	720,538		

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Village of Thompsonville  
Statement of Activities  
For Year Ended March 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities:						
General government						
Public safety	\$109,244			(\$109,244)		(\$109,244)
Public works	124,752	168,121		43,369		43,369
Health and Recreation	107,124			(107,124)		(107,124)
Community and Economic Development	0			0		0
Recreation and Culture				0		0
Interest on Long Term Debt				0		0
Total Governmental Activities	341,120	168,121		(172,999)		(172,999)
Business Type Activities						
Water	31,762	49,882			18,120	18,120
Total Primary Government	372,882	218,003		(172,999)	18,120	(154,879)
General revenues:						
Taxes						
Property Taxes-general				32,309		32,309
Property Taxes-debt service				0		0
State-Shared Revenues				106,837		106,837
Unrestricted Investment Earnings				10,215	686	10,901
Franchise taxes				1,745		1,745
Miscellaneous				55,797		55,797
Depreciation				11,424	9,000	20,424
Total General Revenues-Special Items and Transfers				195,478	(8,314)	187,164
Changes in Net Assets						
Net Assets - Beginning				22,479	9,806	32,286
Net Assets - Ending				698,059	267,833	965,892
Reconciliation						
Change in Net Assets				\$720,538	\$277,639	\$998,178
Add Back Depreciation		22,479				
Change in Fund Balance		11,424				
		33,903				

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Village of Thompsonville  
Balance Sheet - Governmental Funds  
March 31, 2005

	General Fund	Non-Major Fund	Total (Memo-Only)
<b>Assets</b>			
Cash and Investments	\$487,898	\$37,815	\$525,713
Accounts Receivable	39,936		39,936
Taxes Receivable			
Unbilled Receivable			
Due From Other Agencies			
Due From Other Funds	0	0	0
<b>Total Assets</b>	<b>527,834</b>	<b>37,815</b>	<b>565,649</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	9,762	0	9,762
Accrued Salaries & Wages			
Deferred Revenue	44,396	0	44,396
Due to Other Agencies			
Due to Other Funds			
<b>Total Liabilities</b>	<b>54,159</b>	<b>0</b>	<b>54,159</b>
<b>Fund Equity</b>			
Investment in Fixed Assets			
Retained Earnings			
<b>Fund Balances:</b>			
Reserved for Capital Outlay			
Unreserved	473,674	37,815	511,490
<b>Total Fund Equity</b>	<b>473,674</b>	<b>37,815</b>	<b>511,490</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$527,834</b>	<b>\$37,815</b>	<b>\$565,649</b>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Fund Types**

For the Year Ended March 31, 2005

	Governmental Fund Types		Total Governmental
	General Funds	Non-Major Funds	(Memo Only)
<b>Revenues</b>			
Taxes	\$32,309		\$32,309
Admin Fees	0		0
Licenses	600		600
State of Michigan	48,639	58,197	106,837
Charges for Services	57,883		57,883
Interest & Rentals	9,557	657	10,215
Other Revenues	1,745		1,745
Contract Income	110,238		110,238
Misc	55,197	0	55,197
Reimbursements			0
Total Revenues	316,169	58,855	375,024
<b>Expenditures</b>			
Current			
Legislative	42,863		42,863
General Government	66,381		66,381
Public Safety	124,752		124,752
Public Works	4,942	102,182	107,124
Other	0		0
Contingency	0		0
Total Expenditures	238,938	102,182	341,120
Excess Revenue (Expenditures)	77,230	(43,327)	33,903
Operating Transfers In (out)	0	0	0
Fund Balance/Retained Earnings - Beginning of Year	396,444	81,142	477,586
Fund Balance/Retained Earnings - End of Year	\$473,674	\$37,815	\$511,490

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville  
Balance Sheet  
Water Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$39,817
Accounts Receivable	3,823
Due From General Fund	0
Water System	600,000
Accumulated Depreciation	(216,000)
Total Assets	<u>427,640</u>
<u>Liabilities and Retained Earnings</u>	
Bonds Payable - Current	10,000
Bonds Payable - Long Term	140,000
Total Liabilities	<u>150,000</u>
Retained Earnings	<u>277,640</u>
Total Retained Earnings	<u>277,640</u>
Total Liabilities and Fund Balance	<u>\$427,640</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Water Fund**

For the Year Ended March 31, 2005

<u>Operating Revenue</u>	
Fee Revenue	\$49,882
Interest & Rentals	686
Other Revenues	<u>0</u>
Total Revenues	50,568
<u>Operating Expenses</u>	
Salaries and Wages	10,462
Office Supplies	776
Utilities	4,446
Repairs and Maintenance	6,919
Contract Services	3,750
Professional Fees	552
Miscellaneous	4,856
Depreciation	<u>9,000</u>
Total Expenditures	40,762
Excess Revenue (Expenses)	9,806
Operating Transfers In	0
Operating Transfers Out	0
Retained Earnings - Beginning of Year	267,833
Prior Period Adjustment	<u>          </u>
Retained Earnings - End of Year	<u><u>\$277,640</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville  
Statement of Cash Flows  
Water Fund**

For the Year Ended March 31, 2005

Cash Flow From Operating Activities

Cash Received from Customers and Interest	\$49,941
Cash Payments for Operating Expenses	(31,762)
Cash Payments for Interest	<u>0</u>
Net Cash Used by Operating Activities	18,179

Cash Flow From Financing Activities

Payment of Principal on Bonds	(10,000)
Transfer In	<u>0</u>
Net Cash Flow Used by Financing Activities	(10,000)
Net Increase in Cash and Cash Equivalents	8,179
Cash - Beginning of Year	<u>31,638</u>
Cash - End of Year	<u>\$39,817</u>

Reconciliation of Net Income to Net Cash  
Used by Operating Activities

Net Income	\$9,806
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities	
Depreciation	9,000
Transfer In	0
Changes in Assets and Liabilities	
Increase in Accounts Receivable	2,345
Net Cash Used in Operating Activities	<u>\$21,152</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**VILLAGE OF THOMPSONVILLE  
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

**A. Reporting Entity**

The Village of Thompsonville is located in Benzie County, Michigan. The village is governed by an elected five member council. Services are provided to approximately 460 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the village's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Village. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

**B. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**Basis of Accounting**

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of the Village of Thompsonville conform to generally accepted accounting principles and include the following fund types

**1. Government Fund Types use modified accrual basis and include -**

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the Village is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Village.

3. Account Groups

Fixed Assets and Long Term Liabilities of the governmental fund types are normally accounted for through the *General Fixed Assets Account Group* and the *General Long Term Debt Account Group*, respectively.

Fixed assets other than those accounted for in the proprietary funds or trust funds are general fixed assets. General fixed assets are accounted for in the General Fixed Assets Account Group.

C. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Budgets and Budgetary Accounting

The general fund is under formal budgetary control. Budgets shown in the financial statements for this funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Village Council.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

## 2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

## 3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Village, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

## 4. Cash and Investments

Deposits of the Village are as authorized by the Village Council. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of the Village of Thompsonville have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 100,000	\$ 100,000
Uninsured	\$ 165,807	\$ 165,807

The Village also has \$ 185,440 invested in certificates of deposit.

## 5. Fixed Assets

All Proprietary funds are accounted for on a cost of service measurement focus. The operating statements present increases and decreases in net total assets. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Proprietary funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight Line	25 years
Plant	Straight Line	50 years

#### Fixed Assets - Governmental Funds

All Governmental funds are accounted for on a modified accrual basis of accounting. All capital outlay is expensed in the appropriated fund. Under GASB 34. All fixed assets (net of accumulated depreciation) and long term debt are booked on the balance sheet as Net Assets and Long Term Debt. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Governmental Funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight Line	5 to 25 years
Plant	Straight Line	30 to 50 years

#### 6. Compensated Absences and Post Employment Benefits

The Village has one full-time employee who is compensated for sick and vacation days. The accrued liability for compensated absences is considered by management to be insignificant and has not been recorded as a liability.

#### 7. Contingent Liabilities

There are no known contingent liabilities.

#### 8. Risk Management

The village carries commercial insurance as a protection against risk.

#### 9. Long Term Debt

Long-term debt as of March 31, 2003 consisted of Proprietary Fund 5% bonds payable to finance company, maturing \$5,000 per year plus interest, collateralized by plant and equipment.

	Balance 04/01/04	Addition	Deduction	Balance 03/31/05
Bond Payable	\$160,000		\$ 10,000	\$150,000

Maturities of principal on long-term debt are scheduled below:

Fiscal Year	Revenue Bonds
2005	5,000
2006	5,000
2007	5,000
2008	5,000
2009	5,000
Subsequent	<u>125,000</u>
Total	<u>\$ 150,000</u>

#### 10. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Benzie County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units. Accordingly, these delinquent taxes and related fees are recorded as revenue in the current year.

## SUPPLEMENTAL SECTION

**WILSON, WARD CPA FIRM**

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3015 M-137  
Interlochen, MI 49643

(231) 276-7668  
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To the Village Council  
Village of Thompsonville, MI

We have audited the combined financial statements of the Village of Thompsonville for the year ended March 31, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 28, 2005

## General Fund

**Village of Thompsonville  
Balance Sheet  
General Fund**

As Of March 31, 2005

Assets

Cash In Bank and Investments	\$487,898
Accounts Receivable	39,936
Taxes Receivable	0
Prepaid Insurance	0
Due From Other Funds	0
Due From Other Agencies	0
Construction Work In Progress	0
Total Assets	<u>\$527,834</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	\$9,762
Accrued Salaries & Wages	0
Deferred Revenue	44,396
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>54,159</u>

Fund Balance

Reserved for Equipment Replacement	0
Unreserved	473,674
Total Fund Balance	<u>473,674</u>

Total Liabilities and Fund Balance	<u>\$527,834</u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	General Fund <u>March 31, 2005</u>
<u>Revenue</u>	
Current Property Taxes	\$32,309
Penalties on Taxes	0
Admin Fees	0
Licenses and Permits	600
State Shared Revenues	48,639
Charges for Services	57,883
Contract income	110,238
Earned Interest	9,557
Donations	1,745
Misc	55,197
Total Revenue	<u>316,169</u>
 <u>Expenditures</u>	
Current	
Legislative	42,863
General Government	66,381
Public Safety	124,752
Public Works	4,942
Recreation	0
Employee Benefits	0
Total Expenditures	<u>238,938</u>
Excess Revenue (Expenditures)	77,230
Operating Transfers Out (In)	0
Fund Balance - Beginning of Year	<u>396,444</u>
Fund Balance - End of Year	<u><u>\$473,674</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual**  
**General Fund**

For the Year Ended March 31, 2005

<b>Revenue</b>	Budget Year Beginning April 1, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Current Property Taxes	24,801	24,801	\$32,309	\$7,508
Penalties on Taxes	0	0	0	0
Admin Fees	0	0	0	0
Licenses and Permits	5	5	600	595
State Shared Revenues	44,505	44,505	48,639	4,135
Charges for Services	57,701	57,701	57,883	183
Contract income	48,000	48,000	110,238	62,238
Earned Interest	6,915	6,915	9,557	2,642
Donations	0	0	1,745	1,745
Misc	4,000	4,000	1,984	(2,016)
<b>Total Revenues</b>	<b>185,927</b>	<b>185,927</b>	<b>262,956</b>	<b>77,029</b>
Reimbursements	2	2	53,213	53,211
<b>Total Receipts</b>	<b>185,929</b>	<b>185,929</b>	<b>316,169</b>	<b>130,240</b>
<b>Expenditure</b>				
Legislative				
Village Board:				
Salaries and Wages	1,200	1,200	1,304	(104)
Supplies and Maintenance	0	0	536	(536)
Professional Services	7,500	7,500	10,346	(2,846)
Insurance and Bonds	26,894	26,894	30,678	(3,784)
Capital Outlay	0	0	0	0
<b>Total Village Board</b>	<b>35,594</b>	<b>35,594</b>	<b>42,863</b>	<b>(7,269)</b>
General Government:				
Village President				
Salaries and Wages	951	951	906	45
Office Supplies	0	0	0	0
Misc	0	0	0	0
Mileage	0	0	0	0
<b>Total Village President</b>	<b>\$951</b>	<b>\$951</b>	<b>\$906</b>	<b>\$45</b>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Year Beginning April 1, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Elections:				
Salaries and Wages	\$316	\$316	\$0	\$316
Office Supplies	273	273	209	64
Mileage	0	0	0	0
Misc	44	44	0	44
Capital Outlay	0	0	0	0
Total Elections	633	633	209	424
Assessor:				
Salaries and Wages	0	0	0	0
Supplies	0	0	0	0
Professional Services	0	0	0	0
Capital Outlay	0	0	0	0
Total Assessor	0	0	0	0
Clerk:				
Salaries and Wages	4,786	4,786	4,846	(60)
Office Supplies	257	257	567	(310)
Mileage	0	0	0	0
Capital Outlay	0	0	0	0
Misc	200	200	249	(49)
Total Clerk	5,243	5,243	5,662	(419)
Board of Review:				
Salaries	0	0	0	0
Misc	0	0	0	0
Total Board of Review	0	0	0	0
Treasurer:				
Salaries and Wages	3,050	3,050	2,960	90
Office Supplies	226	226	167	59
Telephone	0	0	0	0
Mileage	0	0	0	0
Misc	200	200	20	180
Capital Outlay	0	0	0	0
Printing	0	0	0	0
Total Treasurer	\$3,476	\$3,476	\$3,146	\$329

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Year Beginning April 1, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Village Hall and Grounds:				
Salaries & Wages	\$0	\$0	\$0	\$0
Benefits	0	0	0	0
Supplies	596	596	415	181
Capital Outlay	0	0	0	0
Garage	37,349	37,349	42,385	(5,036)
Public Utilities	2,256	2,256	10,017	(7,761)
Repairs	5,553	5,553	2,907	2,646
Misc.	500	500	733	(233)
Total Village Hall	46,253	46,253	56,457	(10,203)
Total General Government	56,556	56,556	66,381	(9,825)
Planning and Zoning:				
Salaries and Wages	350	350	455	(105)
Supplies	200	200	673	(473)
Misc	0	0	0	0
Total Planning and Zoning	550	550	1,128	(578)
Public Works:				
Street Lights	0	0	0	0
Clean Up	615	615	788	(173)
Parks	4,069	4,069	3,027	1,042
Total Public Works	4,684	4,684	3,814	870
Zoning Board of Appeals:				
Salaries	0	0	0	0
Operating Supplies	0	0	0	0
Professional Services	0	0	0	0
Misc	0	0	0	0
	\$0	\$0	\$0	\$0

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**

For the Year Ended March 31, 2005

	Budget Year Beginning April 1, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Other Expenses				
Fire	\$58,666	\$58,666	\$75,023	(\$16,357)
Ambulance	22,362	22,362	9,153	13,209
Airport	6,854	6,854	37,637	(30,783)
Employee Benefits	2,618	2,618	2,939	(321)
Contingency	0	0	0	0
Total Other Expenditures	90,500	90,500	124,752	(34,253)
Total Expenditures	187,884	187,884	238,938	(16,802)
Excess Revenues	(1,955)	(1,955)	77,230	
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			77,230	
Fund Balance - Beginning of Year			396,444	
Fund Balance - End of Year			<u>\$473,674</u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## Special Revenue Fund

**Village of Thompsonville  
Combining Balance Sheet  
Special Revenue Funds**

As Of March 31, 2005

	Major Street Fund	Local Street Fund	Total
<b>Assets</b>			
Cash in Bank	\$64,764	\$2,565	\$37,815
Taxes Receivable	0	0	0
Due From GF		0	0
<b>Total Assets</b>	<b>64,764</b>	<b>2,565</b>	<b>37,815</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	0	0	0
Due to General Fund	0		0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Reserved for Equipment Replacement	0		0
Unreserved	64,922	2,565	67,487
<b>Total Fund Balance</b>	<b>64,922</b>	<b>2,565</b>	<b>67,487</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$64,922</b>	<b>\$2,565</b>	<b>\$67,487</b>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Combining Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Special Revenue Funds**

For The Year Ended March 31, 2005

	Major Street Fund	Local Street Fund	Total
<b>Revenues</b>			
State of Michigan	\$0	\$0	\$5,849
Act 51	34,493	24,036	52,348
Interest	205	40	657
Miscellaneous	0	0	0
Total Revenue	<u>34,697</u>	<u>24,077</u>	<u>58,855</u>
<b>Expenditures</b>			
Road Expense	18,047	28,337	46,383
Supplies	136	677	812
Winter Supplies	753	753	1,507
Repairs	0	0	0
Miscellaneous	326	0	326
Total Expenditures	<u>19,261</u>	<u>29,767</u>	<u>102,182</u>
Excess Revenue (Expenditures)	15,436	(5,690)	(43,327)
Fund Balance - Beginning of Year	<u>49,486</u>	<u>8,255</u>	<u>81,142</u>
Fund Balance - End of Year	<u>\$64,922</u>	<u>\$2,565</u>	<u>\$67,487</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville  
Balance Sheet  
Major Street Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$64,764
Taxes Receivable	0
Total Assets	<u>64,764</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Due to General Fund	<u>0</u>
Total Liabilities	0
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>64,764</u>
Total Fund Balance	<u>64,764</u>
Total Liabilities and Fund Balance	<u>\$64,764</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Major Street Fund**

For The Year Ended March 31, 2005

	Actual
<u>Revenues</u>	
State of Michigan	\$0
Act 51	34,493
Interest	205
Miscellaneous	0
Total Revenue	<u>34,697</u>
<u>Expenditures</u>	
Road Expense	18,047
Supplies	136
Winter Supplies	753
Misc	326
Repairs	157
Capital Expenditures	0
Total Expenditures	<u>19,419</u>
Excess Revenues (Expenditures)	15,279
Transfer In (Out)	
Fund Balance - Beginning of Year	<u>49,486</u>
Fund Balance - End of Year	<u><u>\$64,764</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville  
Balance Sheet  
Local Street Fund**

As Of March 31, 2005

**Assets**

Cash In Bank	\$2,565
Taxes Receivable	0
Due from General Fund	0
Total Assets	<u>2,565</u>

**Liabilities and Fund Balance**

Liabilities	
Due to Improvement Fund	0
 Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	<u>2,565</u>
Total Fund Balance	<u>2,565</u>
 Total Liabilities and Fund Balance	<u>\$2,565</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Village of Thompsonville**  
**Statement of Revenues, Expenditures & Changes in Fund Balance**  
**Local Street Fund**

For The Year Ended March 31, 2005

Revenues

State Revenue	\$0
Act 51	24,036
Interest	40
Total Revenue	<u>24,077</u>

Expenditures

Maintenance and Improvement	28,337
Supplies	677
Winter Supplies	753
Capital Expenditures	0
Total Expenditures	<u>29,767</u>

Excess Revenues (Expenditures)	(5,690)
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Fund Balance - Beginning of Year	8,255
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Transfer In	<u>0</u>
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Fund Balance - End of Year	<u><u>\$2,565</u></u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS